

## Message Text

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44

ORIGIN L-03

INFO OCT-01 NEA-10 ADP-00 COME-00 SEC-03 FTC-01 EB-11

CIAE-00 INR-10 NSAE-00 RSC-01 SCS-03 SCA-01 TRSE-00

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COMMERCE, SEC, FTC

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R 301634Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

UNCLAS STATE 149183

E.O. 11652: GDS

TAGS: CASC, BBAK, GR

SUBJ: HOLIDAY MAGIC OPERATIONS IN GREECE

REF: ATHENS 4755

1. DEPT POUCHING TO EMB TODAY LETTER AND DOCUMENTS RECEIVED FROM SEC DESCRIBING US CASE AGAINST HOLIDAY MAGIC AND ACTIONS TAKEN AS OF JULY 25. AMONG DOCUMENTS FORWARDED ARE SEC LITIGATION RELEASE NO. 5961, JULY 3, 1973 SUMMARIZING THE CASE.

2. IN BRIEF, THE SEC COMPLAINT ALLEGES THAT HOLIDAY MAGIC AND RELATED DEFENDANTS HAVE ENGAGED IN A FRAUDULENT SCHEME UNDER WHICH PERSONS ARE INDUCED TO INVEST IN CERTAIN RETAIL DISTRIBUTORSHIPS AND THEN ENCOURAGED NOT TO CONDUCT RETAIL ACTIVITIES BUT OBTAIN FURTHER SUCH DISTRIBUTOR/INVESTORS FOR THE PROMOTERS. THE ALLEGED UNCLASSIFIED

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RESULT IS A PYRAMID OR CHAIN OPERATION DESIGNED SOLELY

TO OBTAIN ADDITIONAL INVESTORS WHO IN TURN ARE ABLE TO RECOUP THEIR INVESTMENT ONLY BY OBTAINING OTHER SUCH INVESTORS. INDEED, THE COMPLAINT ALLEGES THAT IF THE PLAN WORKED AS REPRESENTED THE ENTIRE POPULATION OF THE UNITED STATES WOULD BE RECRUITED TO INVEST IN THE DEFENDANT'S SCHEME WITHIN ONE YEAR.

3. SEC HAS NOT REQUESTED EMB COOPERATION WITH GOG IN ANY POSSIBLE ACTION AGAINST HOLIDAY MAGIC. ACCORDINGLY, EMB REQUESTED TO PERFORM ONLY SERVICES USUALLY INVOLVED WHEN THERE IS DISPUTE BETWEEN A FOREIGN GOVERNMENT AND A US CITIZEN OR COMPANY (7 FAM 360) AND TO KEEP DEPT INFORMED OF ANY ACTION TAKEN BY GOG AGAINST HOLIDAY MAGIC OR AFFILIATED PERSONS OR ENTITIES. IF EMB ASSISTANCE SPECIFICALLY REQUESTED BY GOG, THE MATTER WILL BE REVIEWED AGAIN HERE AT THAT TIME. ROGERS

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